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LEASE.



NEW BRUNSWICK RAILWAY COMPANY

TO

CANADIAN PACIFIC RAILWAY COMPANY

FOR 990 YEARS

DATED FIRST JULY, 1890.

MONTREAL.

1890.

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TO

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FOR 990 YEARS, DATED 1st JULY, 1890.

This Indenture made the first day of July in the year of our Lord one thousand eight hundred and ninety between THE NEW BRUNSWICK RAILWAY COMPANY, hereinafter called the Lessor, of the one part, and THE CANADIAN PACIFIC RAILWAY COMPANY, hereinafter called the Lessee, of the other part :

WHEREAS the Lessor is the owner of certain lines of railway in the Province of New Brunswick, Dominion of Canada, which it has constructed under its Act of Incorporation and which are mentioned in the schedule hereto attached and are therein respectively distinguished by the letters A, B, C and D, they being (together with other properties as hereinafter mentioned) subject, by virtue of the two several mortgages to the Central Trust Company of New York, hereinafter mentioned, to an annual charge of 30,000 pounds sterling and 12,000 pounds sterling respectively ;

AND WHEREAS, by a certain Indenture of lease, made the twenty-second day of August, A. D. 1882, which was confirmed by the Parliament of the Dominion of Canada and the Legislature of the Province of New Brunswick, the New Brunswick and Canada Railroad Company did demise and lease to the Lessor, its successors and assigns, for a term of nine hundred and ninety-nine years from the first day of July, A. D. 1882, all its railroad and other property and rights of property as therein described (which included those lines of railroad lettered E, F and I in the said schedule); also, all that railroad, known as the St. Croix Railroad in the State of Maine in the United States (lettered J in the said schedule), and its appurtenances and its interest in and to the railroad known as the Vanceboro' Branch (lettered G in the said schedule), the title to one-half interest therein being held by the New Brunswick and Canada Railroad Company by virtue of a lease and the other half interest being owned by it absolutely, and also its interest in and to a railroad, known as the Houlton Branch (lettered H in the said schedule), the title to which was then held by it under lease, and all its rights, title and interest in and to any other railroad or branch, upon the terms, conditions, provisoes and covenants therein set out, which included amongst other things the payment by the New Brunswick Railway Company of the following annual charges, that is to say:

(1) Interest at three and a half per centum on eighty-two thousand pounds sterling of perpetual guaranteed debenture stock, issued by the New Brunswick and Canada Railroad Company;

(2) \$6,000 interest on a first mortgage of \$100,000, executed by the St. Stephen Branch Railroad Company;

(3) \$3,000 interest on a second mortgage of \$50,000, executed by the last named Company ;

(4) \$1,200 interest on a mortgage of \$20,000, executed by the Woodstock Railway Company ;

(5) \$1,440 interest on a mortgage of \$24,000, executed by the Company known as the Houlton Branch Railroad Company in Maine ;

(6) \$1,680 rent to the last named Company ;

(7) \$1,469 rent of an undivided half of the said Vanceboro' Branch, and \$35,100 rent to the New Brunswick and Canada Railroad Company ;

AND WHEREAS, since the making of the said lease, the said mortgage for twenty thousand dollars matured and has been replaced by a new mortgage on the railroad of said Woodstock Railway Company known as the Woodstock Branch for the like amount, given by the New Brunswick and Canada Railroad Company to J. Kennedy Tod and Henry Osburn as Trustees for the New Brunswick Railway Company in pursuance of Article VIII. of the said lease ; and the said two mortgages, one of one hundred thousand dollars and one of fifty thousand dollars, both on the railroad of the St. Stephen Branch Railroad Company, matured and have been replaced by one new mortgage thereon, for one hundred and fifty thousand dollars, given by the New Brunswick and Canada Railroad Company to J. Kennedy Tod and Henry Osburn as Trustees for the New Brunswick Railway Company in pursuance of Article VIII. of the said lease, whereupon obligations of the New Brunswick and Canada Railway Company, called mortgage debentures, aggregating the

same amount as the said three mortgages, namely, \$170,000, were issued and the payment of the interest thereon at the same rate, namely, six per centum per annum, was guaranteed by the Lessor, and those obligations, as well as the said two mortgages given to secure the same, are still outstanding, whereby the said annual charges of \$6,000, \$3,000 and \$1,200, respectively mentioned in the next preceding paragraph are still existing ;

AND WHEREAS, by a certain Indenture of lease, made the twenty-first day of May, A. D. 1883, which was confirmed by an Act of the Parliament of Canada, the St. John and Maine Railway Company demised and leased to the Lessor, its successors and assigns, for a period of nine hundred and ninety-seven years from the first day of July, A. D. 1883, all that line of railroad from Vanceboro' to Fairville, of a length of about eighty-eight miles, therein described (lettered K in the said schedule), and its rolling stock, property, moveable and immovable, situate in the Province of New Brunswick, upon the terms, conditions and covenants therein set out ; and amongst others on the condition, in effect, that the New Brunswick Railway Company should pay half yearly by way of rent on the first day of the months of April and October in each year the fixed sum of two hundred and fifty pounds sterling, and also either eighty-eight four hundred and twentieth parts of twenty-three hundredths of the half-yearly aggregate gross earnings therein described, or two thousand seven hundred and fifty pounds sterling, whichever should be the larger amount ;

AND WHEREAS, since the execution of the last mentioned Indenture, certain agreements, supplemental thereto and

relating to rolling stock and other matters have been entered into between the St. John and Maine Railway Company and the Lessor, that is to say, one, dated the ninth day of August, A. D. 1883, one, dated the twenty-seventh day of December, A. D. 1883, and one, dated the eighteenth day of January, A. D. 1890, all of which have been produced to and inspected by the Lessee ;

AND WHEREAS, by an Indenture of lease, dated the twelfth day of January, A.D. 1878, the Aroostook River Railroad Company, a Company duly incorporated by the laws of the State of Maine, did demise and lease to the Lessor, its successor and assigns, all that line of railroad, commencing at a point on the boundary line between Maine and New Brunswick, and running to Fort Fairfield and thence to the village of Cariboo, in the town of Lyndon (lettered L in the said schedule), for a term of nine hundred and ninety-nine years from the date thereof, upon the terms, conditions and covenants set out in the last named Indenture, which is duly recorded in the Registry of Deeds of the County of Aroostook in the said State of Maine ;

AND WHEREAS, by another Indenture, dated the first day of September, A.D. 1885, made between the said last mentioned two Companies, the said Indenture, dated 12th January, A D. 1878, was ratified and confirmed, and it was also thereby declared and agreed, that the said Indenture and the several agreements and provisions thereof should extend to and include the line of railroad, then in operation between the said village of Cariboo and the town of Presque Isle, in the said State of Maine (lettered M in the said schedule), and also any other railroad, constructed under and by virtue of the charter of the said Aroostook River Railroad Company ; the rental being one dollar per annum ;

AND WHEREAS, by an agreement, dated the first day of January, A.D. 1886, between Her Majesty, the Queen, represented by the Minister of Railways and Canals, and the Lessor, running powers were granted to the Lessor on the Carleton Branch Railroad from Fairville to Carleton, on the western side of the harbor of St. John, and running powers were also granted to Her Majesty, the Queen, over the Lessor's section of railroad, from Fairville to the St. John cantilever bridge, on certain terms and conditions, in the said agreement contained, as by reference thereto will more fully appear ;

AND WHEREAS the Lessor did, on the first day of August, A.D. 1885, execute a mortgage to the Central Trust Company of New York to secure the payment of bonds, issued by the Lessor, to the amount of six hundred thousand pounds sterling, which mortgage included only the said railroads, owned by the Lessor and the said Aroostook River Railroad Company, together with certain timber lands and other lands, owned by the Lessor and therein described ; and did, by another mortgage, dated the tenth day of August, A.D. 1887, convey to the said Central Trust Company, to secure the payment of a further issue of bonds to the amount of two hundred thousand pounds sterling, all the said lines of railroad, above mentioned, as well as the said timber lands and other lands, and also the capital stock of the Fredericton Railway Company, which stock was owned by the Lessor ;

AND WHEREAS certain portions of the rolling stock and equipment of the Lessor are subject to certain trusts, contained in certain agreements, namely, an agreement dated the second day of November, A.D. 1885, between Sir George Stephen and others, of the first part, Walter Watson, Trustee, of the second part, and the

Lessor, of the third part, and also, an agreement, supplementary thereto, between the said parties, dated the first day of August, A.D. 1888, which, taken together, evidence an incumbrance on such rolling stock and equipment of \$215,000, upon which the annual charge amounts to \$12,900 ;

AND WHEREAS there are floating obligations of the Lessor now outstanding and amounting to about the sum of \$400,000 ;

AND WHEREAS, under an Act of the Parliament of Canada, passed in the fifty-third year of the reign of Her Majesty, intituled "An Act respecting the New Brunswick Railway Company," the New Brunswick Railway Company is authorized to issue consolidated debenture stock in the manner and for the amounts stated in the said Act, and it has been agreed between the parties hereto and as a part of the consideration for this lease that the Lessee shall guarantee, as is hereinafter mentioned, the interest, as it shall from time to time fall due, upon all the consolidated debenture stock, which may be issued in pursuance of the provisions of that Act ;

AND WHEREAS it is intended, that the proceeds of all the said consolidated debenture stock shall be applied, under the supervision and control of the Lessee towards the improvement of the properties, demised by these presents, in so far as such proceeds may not be required or used for the purpose of satisfying or acquiring the present outstanding obligations of the Lessor, as herein stated and set forth and as intended to be satisfied and acquired within the meaning of the last mentioned Act of Parliament ;

AND WHEREAS it has been agreed and concluded between the parties to this Indenture, that the Lessee shall lease and operate all the said lines of railroad, upon the terms hereinafter set forth;

NOW THEREFORE THIS INDENTURE WITNESSETH, that the parties hereto have mutually agreed, each for itself, its successors and assigns, with the other, its successors and assigns as follows, that is to say:

The Lessor doth hereby grant, lease and demise unto the Lessee, its successors and assigns, all the lines of railroad, mentioned or referred to in the schedule hereto attached, and having an aggregate length of about 420 miles, (all the said lines of railroad being hereinafter referred to in the aggregate as "the New Brunswick System"), together with their appurtenances and the appurtenances of each of them, including amongst other things all lands, occupied, used or acquired for the purpose of being used in connection with the construction, maintenance or operation of the New Brunswick System, or any part thereof, and including also the right of way, road bed, tracks, sidings, superstructure, bridges, viaducts, culverts, fences, shops, stations, docks, wharves, piers, engine houses, car houses, freight houses, engine shops, and all other edifices, shops and structures, held or used, or intended, to be held or used, in connection with the construction, maintenance or operation of the New Brunswick System or any part thereof, and all machinery, plant, rolling stock, equipment, tools, furniture and implements and all other goods and chattels of every kind, now owned or held or used by the Lessor for the purposes of the New Brunswick System or any part thereof, and all tolls and revenues, which may or might be derived or derivable from the New Brunswick System,

or any branch, siding or extension connecting therewith, as well as all rights, privileges, powers, immunities, exemptions and corporate and other franchises, which can or could be held or enjoyed in respect of the New Brunswick System or any part or parts thereof, including all further right, title and interest of the Lessor, if there be any, in and to any and all railroads, operated by it under lease or otherwise, whether mentioned or not mentioned in the said schedule, and in and to any contract with any other railroad company, corporation or individual in respect of the business of the New Brunswick System or any part thereof, and all advantages and benefits to be derived therefrom, save and except the line of railroad from Fredericton Junction to the City of Fredericton and save and except the said timber lands and other lands of the Lessor, which the Lessor mortgaged as aforesaid to the said Central Trust Company of New York, but not excepting the said several lines of railroad or any of the lands used therewith or in anyway appurtenant thereto;

TO HAVE AND TO HOLD the New Brunswick System and all the properties, real and personal, and the rights, title and interest, privileges, franchises and all the other premises above described or intended so to be, from and after the date hereof until the end of nine hundred and ninety years, to be computed from the first day of July, one thousand eight hundred and ninety, the Lessee, its successors and assigns yielding and paying therefor yearly and every year during the said period (which period is hereinafter referred to as "the said term") the several amounts, which are hereinafter specified as rental, and which the Lessee hereinafter specifically covenants to pay, the same to be paid by instalments at the respective days and times and at the respective places, if any, hereinafter specified for that purpose.

The Lessee for itself, its successors and assigns, doth hereby covenant with the Lessor, its successors and assigns, as follows, that is to say :

I.

The railroads and properties hereby demised will be used, managed and operated by the Lessee in a proper and judicious manner, according to the best discretion and judgment of its managers, so as to secure the largest amount, that can be realized therefrom, with a due regard to the service to be rendered to the public and to the preservation of said roads and properties in good order and condition for rendering such service efficiently and economically.

II.

The Lessee will assume all traffic balances and debts, due or coming due from the Lessor, all its current liabilities, other than those referred to in the said Act of Parliament, passed at its last session, and those mentioned or referred to in these presents, and will keep and perform the terms, conditions and covenants contained in the several leases and agreements above mentioned on the part of the Lessor, its successors or assigns to be kept, performed and fulfilled, except those relating to the payment either of interest on obligations outstanding at the date of these presents or of rents, all which the Lessor is itself to satisfy and discharge ; and the Lessee will at all times hereafter assume the consequences of, and defend all actions against the Lessor, arising out of, or in any way connected with the use and occupation of the demised premises during the said term, and will pay from the gross earnings and as a part of the operating expenses, all such sums as it may be liable to pay in respect of such use and occupation.

III.

The Lessee will use and operate the railroads and properties herein demised in accordance with the requirements of the respective Acts of Incorporation of the respective Companies and of the respective laws of Canada and New Brunswick and the said State of Maine, so far as the same are applicable thereto, and will provide all cars, locomotives, engines, rolling-stock and equipment of every description, which, may be required, in addition to the property hereby demised, for the due operation of the railroads to be operated under and by virtue of this lease, (the Lessee being hereby authorized to dispose of the rolling-stock, equipments and other personal property herein demised as and when it may deem it advisable so to do,) will replace buildings or structures on the demised premises, taken down or removed, with other buildings, structures or permanent improvements, (the Lessee being hereby authorized to take down and remove at its discretion any buildings hereby demised,) and the Lessee will keep the demised premises in the same condition of repair, renewal and improvement as that, in which it shall keep its own property of the like character, and, at the end of the term of this lease or at any earlier termination thereof from any cause whatever, will surrender the said demised real and personal estate, with all improvements, additions or substitutions thereto, in the like good order and condition, as that, in which they are at the inception of this lease.

IV.

The Lessee will pay yearly and every year:

(a).—The operating expenses of the New Brunswick System, which shall include, amongst other things, the

cost of maintaining each portion thereof in good order and condition, also ordinary repairs and renewals, all expenditures arising out of any business or contract obligation, negligence or misfeasance, or however otherwise in any way connected with the use and operation thereof, including damages to persons or property, all taxes of every description, federal, provincial or municipal, upon the said demised properties, or the business or franchises thereof, and also any other expenditure, which is herein declared to be operating expenses ;

(b).—To the Lessor, on the tenth day of March next after the date of these presents and thereafter half yearly on the tenth day of the months of March and September in each and every year including and ending with the month of September next after the period of the said term, an amount, equal to so much of eighty-eight four hundred and twentieths of twenty-three one hundredths of the aggregate gross earnings of the Lessor during the half year, ending on the thirtieth day of June or the thirty-first day of December (as the case may be), next preceding such day of payment, over the system of railways, described in the third clause of the said Indenture of lease, dated the twenty-first day of May, A. D. 1883, as shall exceed, if it do exceed, two thousand seven hundred and fifty pounds sterling, the amount of this excess (if any) to be paid to the Lessor, at such place in London, England, as it may from time to time, in writing direct ; but it is to be paid only so long as the St. John and Maine Railway Company or its assigns shall continue to be entitled to receive the same by way of rent under the terms of the said lease, and if the obligation of the Lessor to pay the same be at any time hereafter satisfied or acquired on behalf of the Lessor by means of the issue by the Lessor of con-

consolidated debenture stock to such an amount as may be necessary for that purpose, then the Lessee will thereafter pay directly to the respective holders of consolidated debenture stock the interest as it shall fall due half yearly on so much of such consolidated debenture stock, as shall have been so issued for that purpose ;

(c). To the Lessor, as and when and where they respectively fall due, all such sums, as may be necessary from time to time to meet the interest at the rate of three and a half per centum per annum on eighty-two thousand pounds sterling of perpetual guaranteed debenture stock, issued by the New Brunswick and Canada Railway Company ;

(d). To the Lessor annually the sum of three hundred and nineteen thousand three hundred and ninety dollars in half yearly payments of one hundred and fifty-nine thousand six hundred and ninety-five dollars each on the first day of the months of January and July in every year ; after deducting from each such half-yearly instalment whatever sum the Lessee shall have paid or shall have become liable to pay on account of any part of the six months, next preceding the day, on which such half yearly instalment shall mature, in respect of consolidated debenture stock, to be issued by the Lessor, as provided for in the next succeeding paragraph ;

(e). To every holder of any consolidated debenture stock, which may be hereafter at any time issued by the Lessor upon the written request of the Lessee and under the provisions of the Act of the Parliament of Canada, 53 Victoria chapter 71, or of any subsequent or amending Act or Acts, as and when and where they respectively fall

due, all such sums as may be necessary from time to time to meet the interest thereon according to the rate at and the terms, on which it shall have been issued, and will execute on each certificate, which shall be issued in respect of any such stock, or in such other manner as may be requisite, a valid and sufficient undertaking and guaranty to that effect ;

(f). If at the request of the Lessee consolidated debenture stock shall be at any time or times issued by the Lessor in respect of floating obligations under paragraph (d) of Clause III. of the said Act, exceeding in the aggregate four hundred thousand dollars, then the Lessee will pay as rent, in addition to the amounts, covered by the two next preceding paragraphs, taken together, a further sum, equal to four per centum per annum on the excess whatever it may be from time to time beyond the said sum of four hundred thousand dollars, such additional rent to be paid to the several holders of debenture stock in the same manner, as is heretofore provided for in respect of other portions of such consolidated debenture stock.

V.

This lease is upon the condition that, if the Lessee shall at any time fail to pay the said sums of money reserved by way of rent as aforesaid, or any sum mentioned and provided for by Clause IV. of this lease, and such default shall continue for the space of ninety days, then and in every such case the Lessor may enter upon the demised premises or upon any part thereof as for the whole and expel the Lessee therefrom, and determine the estate hereby granted, and shall thereupon become seised and possessed of the demised premises and of every part thereof in its original right and as if

this lease had never been made, provided, however, that such entry by the Lessor shall in no wise prejudice or impair any remedies to which it might otherwise be entitled for arrears of rent or preceding breaches of covenants or conditions.

The Lessor for itself, its successors and assigns, covenants with the Lessee, its successors and assigns, as follows, that is to say ;

VI.

The Lessor will not at any time issue any portion of the consolidated debenture stock, so authorized by the said Act as aforesaid, or which may be authorized by any subsequent or amending Act or Acts, except upon and after the written request of the Lessee ; but, upon every such request being made in respect of any portion or portions of such debenture stock, the Lessor will without unnecessary delay cause to be issued the portion or portions covered by such request, and will cause the same or the proceeds thereof to be made available for the purposes, for which it shall be issued, to the end that the Lessee may get the benefit thereof within the true meaning of the understanding embodied in these presents.

VII.

There shall be expended on improvements of the properties, hereby demised, without unnecessary delay, and under the supervision and direction of the Lessee, so much of the net proceeds of all the consolidated debenture stock, which shall be issued by the Lessor under the provisions of the said Act of Parliament, or of any subsequent or amending Act or Acts, as shall not be actually

and properly applied under such provisions in the satisfaction or acquisition of the said present outstanding obligations of the Lessor, or some portion thereof; and at the option of the Lessee the amount of the proceeds, so to be expended on improvements, shall, from time to time, on the request of the Lessee, be handed over to the Lessee for the purpose of being so expended.

VIII.

The Lessor will, on or immediately after the commencement of the said term and at its own costs and charges in all respects, procure the following obligations of the Lessor to be satisfied or acquired by the application of the proceeds of consolidated debenture stock, to be issued (under the provisions of the said Act) to an amount, not exceeding the par value of such outstanding obligations, as below stated, that is to say :

Floating obligations, referred to in paragraph (d) of Section 3 of the said Act, four hundred thousand dollars..... \$400,000

New Brunswick Railway second mortgage bonds, two hundred thousand pounds sterling..... £200,000

New Brunswick Railway Car Trust on rolling stock, two hundred and fifteen thousand dollars..... \$215,000

so that the future annual charge in respect of these obligations shall be forthwith reduced to sixty-three thousand five hundred and thirty-four dollars, or its equivalent in sterling money.

IX.

All leases and contracts of the Lessor for the operation of other railroads, terminating during the term of this lease, if any, shall at the request of the Lessee be renewed

by the Lessor upon the most favourable terms practicable, and, being so renewed, the property affected thereby, as well as the said leases and contracts, shall be subject to all the provisions of this lease as effectually as if now existing and herein included, and at the request of the Lessee shall be validly assigned to the Lessee; and in case the Lessor make and conclude with the consent of the Lessee any new and satisfactory arrangement with the Fredericton Railroad Company to work and operate the line of railway from the City of Fredericton to the Fredericton Junction, then and in such case such arrangement shall enure to the benefit of the Lessee and such railroad shall be included in the demise herein contained and shall become subject to the terms and conditions of this lease in the same manner and to the same extent, as if it had been originally included and named herein, the Lessee, its successors and assigns assuming the obligations so entered into with the said Fredericton Company by the Lessor with the consent of the Lessee as aforesaid; and thereafter the proportion of earnings, to be paid under paragraph (b) of Clause IV. of these presents, shall be modified according to an agreement, made between the St. John and Maine Railway Company of the one part and the Lessor of the other part, and dated the 27th day of December, 1883.

X.

In case it is found necessary and in the interest of the Lessee, that the Lessor shall construct lease or purchase lines of or interests in railroads, not demised by this present lease, or any railroad bridges, either in the provinces of New Brunswick or Quebec, or the said State of Maine, such construction, leasing or purchase will be authorized by the Lessor at the request of the Lessee, and shall be made,

entered into and completed at the expense of the Lessee ; but no money or other compensation by way of rental shall be payable by the Lessee to the Lessor in respect of such lines of railroads or bridges, so to be constructed, leased or acquired as aforesaid.

XI.

The Lessor will from time to time and at all times hereafter on the written request of the Lessee and without price transfer and set over by a valid conveyance to the Lessee, its successors and assigns or its or their nominees, the shares in the capital stock or the bonds or other securities (if any) of, or the contracts entered into with, any of the Companies, from which the Lessor has directly or indirectly acquired any of the properties demised by these presents, which it may, either in its own name or by or through any trustee or trustees or otherwise howsoever, then hold or be entitled to, to the end, that the Lessee may from time to time and at all times hereafter have an interest in and a control over each of the said properties and of the transactions of the Company owning it as full and complete as the Lessor now has or is entitled to have.

XII.

To prevent uncertainty as to the personal property, herein demised and so to be accounted for as aforesaid at the termination of this lease, there shall be made by the Lessor a full, complete and particular inventory, description and appraisal of all such property as at the commencement of the said term, such inventory to be made in duplicate, and an original furnished and signed by an official of each of the parties thereto.

XIII.

The Lessor will maintain its existence and organization as a corporation during the said term, and to that end will comply with all the requisites and forms of law; will do all acts and things and execute all legal instruments necessary and proper to put and secure the Lessee in the full enjoyment of all the properties, rights, franchises and interests herein demised, and so as to carry into effect the true interest and meaning of this lease; and will permit the Lessee to use the name of the Lessor (and it hereby grants the use of such name irrevocably,) in all legal proceedings and in all cases needful for obtaining, holding and enjoying the premises hereby demised and every part thereof, and for all purposes consistent with the true scope and intent of this lease, and, on the demand of the Lessee, the proper officials of the Lessor will affix to any document, presented for that purpose, the corporate seal of the Lessor and the signature of such of its officials as may be proper and necessary, and the said officials are hereby irrevocably empowered so to do, upon the condition, however, that the Lessee shall in every case hold harmless and keep indemnified the Lessor from the consequences thereof.

XIV.

The Lessor will cause to be assigned and transferred, when thereto requested and as directed, to the Lessee or its nominees the several mortgages and deeds of trust held by the said Trustees for the Lessor on the St. Stephens branch and the Woodstock branch of the New Brunswick and Canada Railroad Company, or any of them, and also all or any of the leases of land, held by it, situate in the City of St. John or in the towns of St. Stephen, Woodstock and St. Andrews or any of them.

XV.

During the continuance of this lease the Lessor will well and truly pay or cause to be paid all rentals, interest and sums of money, due and payable by virtue of the said several herein mentioned Indentures of lease, according to the respective terms and conditions thereof, except the sums to be paid by the Lessee under paragraph (a) of Clause IV. of this lease, and also will perform and keep all the covenants and conditions in the said Indentures contained and on the part and behalf of the Lessor, its successors or assigns, to be kept, performed and fulfilled, and also will not do or cause to be done any act, matter or thing to impair the validity of the said Indentures, or whereby the said several demises, any or either of them, may be determined and cease.

XVI.

The Lessee, its successors and assigns, duly paying the rent reserved by these presents and performing the covenants herein contained on its and their part to be performed, shall and may peaceably possess and enjoy at all times during the said term the railroads and other properties and tolls, revenues, franchises and privileges, hereinbefore demised, without any lawful interruption or disturbance from or by the Lessor or its successors or any other party or parties whomsoever.

XVII.

The Lessee shall have and is hereby given the right at its option to acquire and purchase all the said timber lands and other lands, so mortgaged as aforesaid to the Central Trust Company of New York, and containing in round numbers about one million six hundred and fifty

thousand acres, except those, if any, which are hereinbefore demised, and those, if any, which have been heretofore sold and conveyed by deed from the Lessor, at and for the sum of nine hundred and twenty-seven thousand six hundred dollars (\$927,600) and interest, to be paid as hereinafter mentioned, provided such option be exercised within two years from the first day of July, A.D. 1890, and upon payment of the said purchase money within the time aforesaid, or otherwise as may be mutually agreed upon, the Lessor shall execute and acknowledge all such deeds, conveyances and assurances as may be deemed requisite, in order to vest the title in fee simple of all the said timber lands and other lands in the Lessee, except in so far as that may be prevented by the existence of the mortgages thereon to the said Central Trust Company hereinbefore mentioned, and subject, however, to any licenses, granted by the Lessor, to cut logs, bark or other timber upon the said lands or any part thereof, then existing, and also any contracts of sale of any of the said lands, heretofore made by the Lessor and then in force, the Lessee, however, to have the benefit and advantage of, and all the interest of the Lessor in, the said licenses and contracts, and also subject to the proviso, that the Lessor, anything herein contained to the contrary notwithstanding, may, during the said period of two years, grant licenses to cut timber, logs, bark or other lumber off the said lands as heretofore accustomed. And inasmuch as the said lands are encumbered as aforesaid by the two Indentures of mortgage made by the Lessor, herein already mentioned, and, inasmuch as the intention of the understanding embodied in these presents is, that amongst other obligations those of the Lessor to the said Central Trust Company, created by the two mortgages aforesaid shall, eventually be satisfied or acquired by the issue by the Lessor, under the authority

of the said Act of Parliament, of consolidated debenture stock, the interest on which will be satisfied at all times out of the rentals to be paid as aforesaid by the Lessee, and inasmuch as, when those obligations shall be so discharged, the said lands will be freed from any incumbrance created, by the said two mortgages or either of them, therefore it is hereby agreed that the conveyance to the Lessee, if any, may be of the equity of redemption only in such lands and subject to the incumbrances created by the said two mortgages, and such conveyance shall be sufficient under the meaning of this clause.

The said purchase money, if paid, is to be paid with interest at the rate of five per cent. per annum from the first day of July, 1890, the aggregate of the principal and interest to be reduced by such net sums, as shall be in the meantime received or receivable by or for account of the Lessor, either from or by way of stumpage, license dues or other rents, issues and profits, growing out of and derived from the said lands or any part thereof after the said first day of July, 1890, by virtue of any contract in respect thereof, whether made before or on or after that date, and further to be reduced by such other sum or sums, if any, as shall be received as purchase money by or for account of any sales of the said lands, which shall be made on or after the said first day of July, 1890.

XVIII.

It is hereby expressly covenanted and agreed between the parties hereto that, if any of the timber lands or other lands (other than the lands hereby demised), so encumbered as aforesaid by two mortgages from the Lessor to the said Central Trust Company, such timber lands or other

lands not having been purchased by the Lessee under the option given by the last clause), should hereafter at any time or times be taken or sold or otherwise made available for the satisfaction of any of the principal or interest, secured by the said two mortgages or either of them, then and in every such case consolidated debenture stock to an amount or amounts equal to the amount or amounts, which shall be so satisfied, may be issued under the said Act of Parliament (53rd Victoria), bearing interest at the rate of four per centum per annum, and the proceeds thereof shall be taken by the Lessor and its assigns as and for its own and their own uses instead of being applied towards the improvement of the properties hereby demised as above mentioned, the interest thereon to be nevertheless paid as aforesaid by the Lessee by way of rent in the same manner and to the same extent, as if the proceeds were to be applied towards such improvement, provided, however, that the Lessee shall in every such case have the option of paying in cash either in whole or in part the amount or amounts, which shall be so satisfied as aforesaid by any of the said timber lands or other lands, or the proceeds thereof, and, if any amount or amounts be so paid in cash by the Lessee under such option, then consolidated debenture stock shall be issued for the same amount or amounts, and the proceeds of it shall be applied towards the improvement of the demised properties as provided for in Clause VII. of these presents, instead of being taken by the Lessor and its assigns as above mentioned; but nothing herein contained shall be held to affect or abridge the right of the Lessor to issue additional consolidated debenture stock, in respect of so much of the obligations, created by the said two mortgages or either of them, as shall be so satisfied to the extent to which it may be authorized under the provisions of the said Act of Parliament (53rd Victoria), or any subsequent or amending Act or Acts.

XIX.

And it is hereby mutually agreed between the parties hereto, that they shall join in procuring the requisite legislation, if any be needed, to ratify and confirm this Indenture of Lease and all the terms hereof and to enable each of the parties hereto to do whatever may be necessary to give effect to the substance and intention of these presents, and the parties hereto hereby agree to share equally the expense of procuring such legislation.

IN WITNESS WHEREOF, each of the said parties hath caused to be set hereto its corporate seal and the signatures of its President and its Secretary.

THE NEW BRUNSWICK RAILWAY
COMPANY.

L.S.

ROBERT MEIGHEN,
President.
ALFRED SEELY,
Secretary.

THE CANADIAN PACIFIC RAILWAY
COMPANY.

L.S.

W. C. VANHORNE,
President.
C. DRINKWATER,
Secretary.

THE SCHEDULE REFERRED TO IN THE ANNEXED INDENTURE
SHOWING THE DEMISED LINES OF RAILWAY.

Distinguishing Letter.	LOCATION, &c.
A.	From Gibson on East bank of River St. John opposite Fred- erickton northerly to Newburg, about 57 miles.
B.	From Newburg southwesterly (crossing River St. John) to Woodstock, about 6 miles.
C.	From Newburg along the East bank of River St. John to Perth, thence across the river to Andover, thence to Grand Falls, thence (crossing the river again to the East bank) to Edmundston, about 106½ miles.
D.	From Aroostook westerly to a point on the boundary line between New Brunswick and the State of Maine, about 4 miles.
E.	From St. Andrew's in New Brunswick to a point on the boundary line between New Brunswick and Maine near the town of Houlton, about 88 miles.
F.	From St. Stephen to Watt Junction on the said line between St. Andrew's and the point near Houlton, about 19 miles.
G.	(Vanceboro Branch.) From McAdam Junction, a point on the said line from St. Andrew's to the point near Houlton, westerly to a point on the international bound- ary near Vanceboro, about 7 miles.
H.	From the said point on the said boundary line near Houlton to Houlton in the State of Maine, about 3 miles.
I.	From Debec Junction to Woodstock aforesaid, about 11 miles
J.	From the Maine Central Station at Vanceboro' to the international boundary and there connecting with the so-called Vanceboro' branch from the boundary to McAdam Junction (known as the St. Croix Road).
K.	From the Western bank of the River St. John at the Cantilever Bridge at the Falls near the City of St. John, in New Brunswick, to the River St. Croix at the bound- ary line between New Brunswick and the State of Maine, about 88 miles.
L.	From the Western terminus of the line above mentioned as running from Aroostook to a point on the boundary line between New Brunswick and the State of Maine, thence through Fort Fairfield to Cariboo in the State of Maine, about 16 miles.
M.	From Cariboo to Presque Isle, in the State of Maine, about 14 miles.